

## **The complaint**

Miss H complains about the quality of a used car she acquired through a hire purchase agreement with Black Horse Limited ('Black Horse'). Miss H says that the car caught fire because of a 'black box' that was fitted when she purchased it. She wasn't made aware of the existence of the black box or that it could cause this problem. She thinks the car was mis-sold due to this and the fire caused her some trauma which she should be compensated for.

## **What happened**

Miss H's complaint is about the quality of a car she acquired in May 2019. The car was used, and it was first registered in September 2017. So, it was about a year and a half old when Miss H received it. It had covered 15,657 miles.

Miss H acquired the car using a hire purchase agreement that was started in May 2019. The vehicle had a retail price of £24,245.99 And Miss H financed the full amount of this. This agreement was to be repaid through 48 monthly instalments of £354.28. And then a final instalment of £11,886, if Miss H wanted to purchase the car. If Miss H made the repayments in line with the credit agreement, she would need to repay a total of £28,891.44.

Below is a summary of the issues complained about by Miss H and the investigation and repair work that has been carried out, alongside what has happened in respect of the complaint.

In December 2023, Miss H said she heard a 'pop' from the car and noticed flames from an area under the steering wheel. It's been established that that a black box that was fitted to the car caught fire. I understand that Miss H was in a car dealership at the time and the fire was extinguished quickly and without further damage to the car. But she now doesn't feel safe in it.

Miss H says that neither she, nor her insurer, have fitted the black box and so it must have been present at the time of sale. She thinks that the vehicle was faulty and not as described due to the black box. Miss H also thinks that the car was misrepresented to her as she was advised that it had no modifications. And the failure to disclose the black box gave a false impression of the vehicle.

Black Horse considered this complaint, and it didn't uphold it. It said that the dealership wouldn't have fitted the black box. And it wouldn't have been something that would have been looked at when the car was checked before sale. And Miss H was able to drive the car 54,343 miles, over about four years, before this happened and so this wasn't an issue that showed that the car was of unsatisfactory quality at the point of sale.

Miss H didn't agree with this and brought her complaint to the Financial Ombudsman Service.

Our Investigators, over two communications, haven't upheld Miss H's complaint. They said that the car was likely to have been of satisfactory quality at the time of sale as the fault

developed a long time after this. So, the fault complained about wasn't present or developing when Miss H acquired the car. There wasn't an inherent fault with the car as the fire was due to the third-party installed black box.

And our Investigators also said it was unclear if Miss H was informed about the black box at the time of sale. Or if she was told that the car was unmodified. But they also weren't persuaded that this issue would have induced Miss H to not purchase the car.

Miss H didn't agree with our Investigators. She maintained that if she had been made aware of the black box, which later caught fire, she would not have purchased the car and chosen another one. And she said that the fire was not due to wear and tear and there was no proof that the black box itself was of satisfactory quality, as it was not checked at the time of sale.

Because Miss H didn't agree, this matter has been passed to me to make a final decision.

I don't think it's relevant to my findings below but, I have noted that Miss H made an insurance claim that was declined as there was no damage to the car. And she went on to take out a loan to make the final car payment. She now owns the car.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider was good industry practice at the relevant time.

The agreement in this case is a regulated hire purchase agreement – so we can consider a complaint relating to it. Black Horse as the supplier of the goods under this type of agreement is responsible for a complaint about their quality.

The Consumer Rights Act 2015 ('CRA') is relevant to this complaint. It says that under a contract to supply goods, there is an implied term that 'the quality of the goods is satisfactory'.

To be considered 'satisfactory', the goods would need to meet the standard that a reasonable person would consider satisfactory – taking into account any description of the goods, the price and all the other relevant circumstances. So, it seems likely that in a case involving a car, the other relevant circumstances a court would take into account might include things like the age and mileage at the time of sale and the car's history.

The CRA quality of the goods includes their general state and condition and other things like their fitness for purpose, appearance and finish, freedom from minor defects, safety, and durability can be aspects of the quality of goods.

It's clear there was a problem here as a black box that was fitted to the car caught fire. I understand there was no further damage to the car, but I appreciate this would have been distressing for Miss H.

I think it's reasonable to say that the black box was present when Miss H acquired the car. She has said she didn't fit it, and she has shown that her insurance didn't require it to be fitted. Black Horse has also said that it wouldn't have installed it. So, it's likely that it was added to the car at a time before either Miss H, or the dealership, came into contact with the car.

So, as this was the part that failed, I've thought about whether this meant that the car was of unsatisfactory quality when Miss H acquired it. As I've outlined above Miss H was able to drive the car a long distance, and for a long time, before the problem occurred. Under the CRA the goods need to be free from inherent defects and developing problems at the time of sale. The fact that it was such a long time from the time of supply to the time of the fire, leads me to conclude this wasn't a present or developing problem at the time of supply.

It's worth saying that cars need regular maintenance and do go wrong from time to time, even if well looked after. And this is different from them being faulty at the time of supply. It does seem likely that the black box degraded over time, and this couldn't be prevented or foreseen. So, I don't think the car was of unsatisfactory quality at the time it was supplied to Miss H. I'm not upholding her complaint on this basis.

Miss H says she was given false information by the car dealer because she wasn't told about the black box. She says she was told the car hadn't been modified, and this led to her entering into the agreement for the car. She says she wouldn't have bought the car if she had been told about the black box (or any other modifications).

I understand that Black Horse wasn't a party to these negotiations, and it wasn't aware of what was discussed between Miss H and the dealership. But it can still be responsible for what was discussed and the information that Miss H was provided by the dealership. This is because section 56 of the Consumer Credit Act 1974 establishes that a finance company can be held responsible for antecedent negotiations carried out by their agent that takes place before the agreement is entered into.

To uphold this part of Miss H's complaint, I need to be satisfied that a misrepresentation has taken place. This would mean I need to be satisfied that a false statement of fact about the car or the agreement was made. And this false statement induced Miss H into entering into the agreement. I've considered if this is likely to be the case.

Given that the sale of the car took place a long time ago I think it's reasonable to say that the information from this time isn't conclusive about whether Miss H was properly informed about the car. Miss H maintains that she wasn't told about it. And Black Horse has said that it wasn't aware of it, so it may not have told her about it. But equally, it's not clear whether Miss H was informed that the car was unmodified.

So, I've thought about whether Miss H being given full information about the black box was likely to have altered her decision to acquire the car. Black boxes are commonly installed by insurance companies to assist with insurance pricing and the monitoring of a policyholders driving. I'm not aware of any inherent problems or dangers with them, and I think they are usually present on cars without incident.

Given this, I don't think it's likely that if Miss H was given full, or further, information about the black box that it would have altered her decision to buy the car. I don't think she would have thought it was likely that this would have caused a problem at a time in the future.

So, I don't think it's reasonable to say that the car wasn't of satisfactory quality at the point of sale. Miss H may not have been fully informed about the black box, but I don't think better information would have altered her decision to buy it. And whilst the problem with the car was unfortunate, I don't think that Black Horse should be responsible for putting the faults with the car right or paying any compensation.

**My final decision**

For the reasons set out above, I don't uphold Miss H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 21 February 2025.

Andy Burlinson  
**Ombudsman**